

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1314, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application by Pluris Webb Creek, LLC,)	
5950 Berkshire Lane, Suite 800, Dallas,)	
Texas, 75225, for Authority to Increase)	AGREEMENT AND
Rates for Sewer Utility Service in All of)	STIPULATION OF
Its Service Areas in Onslow County,)	SETTLEMENT
North Carolina)	

Pluris Webb Creek, LLC ("Pluris" or "Company"), and the Public Staff - North Carolina Utilities Commission ("Public Staff"), collectively referred to herein as the Stipulating Parties, through counsel and pursuant to N.C. Gen. Stat. § 62-69, respectfully submit the following Agreement and Stipulation of Settlement ("Stipulation") for consideration by the North Carolina Utilities Commission ("Commission") in the above-captioned docket.

BACKGROUND

A. On April 27, 2020, Pluris filed an application with the Commission ("Application") pursuant to N.C.G.S. §§ 62-133 and 62-134 and Commission Rules R1-4, R1-5, and R1-17, along with the direct testimony and exhibits of Maurice W. Gallarda, PE, and Daniel Winters. In the Application, Pluris requested an increase in rates for providing sewer utility service in its service areas in Onslow County, North Carolina designed to produce an overall increase in annual operating revenues of \$575,464. Pluris serves approximately 1,300 residential flat rate sewer customers and 8 metered commercial sewer customers in Onslow County, North Carolina.

B. On May 26, 2020, the Commission issued an Order Establishing General Rate Case and Suspending Rates.

C. On August 10, 2020, the Commission issued an Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice. That Order set a Public Witness Hearing for 6:30 p.m., on Wednesday, September 23, 2020, to be held remotely via WebEx. That Order also scheduled an expert witness hearing for November 2, 2020, for the sole purpose of receiving expert witness testimony from Pluris, the Public Staff, and any other party of record.

D. On August 24, 2020, Pluris filed an Update to Operating Expenses and Rate Base.

E. Subsequent to the filing of the Company's Application in this docket, the Public Staff engaged in substantial discovery as to Pluris regarding the matters addressed in the Company's Application, its testimony, and its updates. The Public Staff further examined the relevant books and records of Pluris with respect to the Company's Application. A field inspection of Pluris's system was also conducted by the Public Staff.

F. On September 23, 2020, a remote public hearing was held in this matter through WebEx, as provided for in the Commission's Order issued August 10, 2020.

G. On September 25, 2020, the Public Staff filed direct testimony and a Notice of Affidavit, consisting of testimony and/or exhibits by the following witnesses:

1. Direct Testimony of D. Michael Franklin, Utilities Engineer; Water, Sewer, and Telephone Division;
2. Direct Testimony of Benjamin P. Lozier, Financial Analyst, Economic Research Division; and
3. Affidavit of Mary A. Coleman, Staff Accountant, Accounting Division.

H. On September 29, 2020, Pluris filed a Report Relating to Customer Hearing.

I. Following completion of the Public Staff's investigation of the Company's Application and accompanying documents, review of the results of its examination of the Company's books and records, review of the Company's responses to the Public Staff's Data Requests, and after the Public Staff filed its direct testimony, the Stipulating Parties participated in settlement discussions.

J. After settlement negotiations, in which certain concessions from their respective litigation positions were made by both Stipulating Parties, the Stipulating Parties were ultimately able to arrive at a joint settlement proposal, the terms of which are reflected in the following sections of this Stipulation and the schedules and exhibits attached hereto.

STIPULATION AND AGREEMENT OF THE PARTIES

The Stipulating Parties have reached an agreement regarding resolution of all issues in this case, and they hereby agree and stipulate as follows:

1. REVENUE REQUIREMENT AND RATES.

A. No Stipulating Party waives any right to assert a position in any future proceeding or docket before the Commission or in any court, as the adjustments agreed to in this Stipulation are strictly for purposes of compromise and are intended to show a rational basis for reaching the agreed-upon revenue requirement adjustments without either party conceding any specific adjustment.

The Stipulating Parties agree that settlement on these issues will not be used as a rationale for future arguments on contested issues brought before the Commission.

B. The revenue requirement effects of this Stipulation provide sufficient support for the annual revenue required on the issues agreed to in this Stipulation.

C. The test period for this rate case is the twelve months ending December 31, 2019, updated through July 31, 2020, as adjusted for certain changes in plant, revenues, and costs that were not known at the time the case was filed but are based upon circumstances occurring or becoming known through the close of the evidentiary hearing.

D. The Company's appropriate long-term debt ("LTD") cost is 4.11%. The Company's capital structure is 55.32% long-term debt and 44.68% common equity.

E. Pluris believes the 9.0% return on common equity ("ROE") proposed by the Public Staff is too low, given the ROE agreed to by the Public Staff or set by the Commission in other recent proceedings. However, solely for purposes of this settlement, the Stipulating Parties agree, in consideration of a number of factors, including the impacts of the Coronavirus pandemic on customers and the changing economic conditions, to the use of an ROE of 8.98% in setting rates in this proceeding. The Stipulating Parties agree that the stipulated capital structure and stipulated levels of overall rate of return and rates of return on common equity and long-term debt are consistent with the requirements of N.C.G.S. § 62-133. The Stipulating Parties acknowledge that Pluris's compromise regarding the ROE issue is for purposes of settlement only and does not imply concurrence nor shall it be used as rationale for future argument or cited as precedent in any future proceeding.

F. As shown in Stipulation Exhibit No. I, Schedule 3, the Company's service revenue requirement is \$1,182,056.

G. As shown in Stipulation Exhibit No. II, the rate design shall be as follows:

	<u>Present Rates</u>	<u>Pluris's Proposed and Public Staff's Recommended Rates</u>
<u>Monthly Residential Flat Rate:</u>	\$ 37.69	\$ 73.38
<u>Monthly Commercial Metered Rates:</u>		
(Base charge, zero usage (minimum charge))		
< 1"	\$ 28.34	\$ 10.00
1"	\$ 28.34	\$ 25.00

1.5"	\$ 28.34	\$ 50.00
2"	\$ 28.34	\$ 80.00
3"	\$ 28.34	\$ 250.00
Usage charge, per 1,000 gallons	\$ 9.04	\$ 16.50

2. QUALITY OF SERVICE. The Stipulating Parties agree that the overall quality of service provided by Pluris is good.

3. AGREEMENT TO SUPPORT SETTLEMENT; NON-WAIVER.

A. The Stipulating Parties will act in good faith to support the reasonableness of this Stipulation in any hearing before the Commission and any proposed order or brief in this docket. The Stipulating Parties further agree that this Stipulation is in the public interest because it reflects a give-and-take settlement of contested issues.

B. The provisions of this Stipulation do not reflect any position asserted by any of the Stipulating Parties but reflect instead the compromise and settlement between the Stipulating Parties as to all of the issues covered hereby. No Stipulating Party waives any right to assert any position in any future proceeding or docket before this or any other Commission and in any court except insofar as the Commission is addressing litigation arising out of the implementation of the terms herein or the approval of this Stipulation. This Stipulation shall not be cited as precedent by any of the Stipulating Parties regarding any issue in any other proceeding or docket before this Commission or in any court.

C. This Stipulation is a product of negotiation between the Stipulating Parties, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

4. INTRODUCTION OF TESTIMONY AND WAIVER OF CROSS EXAMINATION.

A. As a result of the Stipulating Parties having entered into this Stipulation, Pluris has not filed rebuttal testimony. Should the Commission reject the Stipulation, then the parties agree that the record should be reopened to allow Pluris to submit rebuttal testimony and this proceeding should be re-convened.

B. The pre-filed testimony and exhibits of the Stipulating Parties may be received in evidence without objection, and each Party waives all right to cross-examine any witness with respect to such pre-filed testimony and exhibits. If, however, questions are asked by any Commissioner, or if questions are asked or positions are taken by any person who is not a Stipulating Party, then any Stipulating Party may respond to such questions by presenting testimony or exhibits and cross-examining any witness with respect to such testimony and exhibits.

5. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY. This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on either of the Stipulating Parties unless the entire Settlement Agreement and Stipulation is accepted by the Commission. If the Commission rejects any part of this Stipulation or approves this Stipulation subject to any change or condition, or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Stipulating Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Stipulating Party withdraws from the Stipulation, each Stipulating Party retains the right to seek additional procedures before the Commission, including Pluris's filing of rebuttal testimony, cross-examination of witnesses, with respect to issues addressed by the Stipulation and shall not be bound or prejudiced by the terms and conditions of the Stipulation.

6. COUNTERPARTS. This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

The foregoing is agreed and stipulated to this the 9th day of October, 2020.

Pluris Webb Creek, LLC

/s/

Maurice W. Gallarda, PE, Managing Member

Public Staff - North Carolina Utilities Commission

/s/

Christopher J. Ayers
Executive Director